

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF WILLOW CREEK)	
UTILITIES, INC., D/B/A WILLOW CREEK)	
SEWER SYSTEM, FOR AN ADJUSTMENT OF)	
RATES PURSUANT TO THE ALTERNATIVE RATE)	CASE NO. 9099
ADJUSTMENT PROCEDURE FOR SMALL)	
UTILITIES)	

O R D E R

On July 13, 1984, Willow Utilities, Inc., d/b/a Willow Creek Sewer System ("Willow Creek"), filed an application with the Commission to increase its sewer rate pursuant to 807 KAR 5:076, Alternative Rate Adjustment Procedure for Small Utilities ("ARF"). Willow Creek's proposed rates would produce additional revenue of approximately \$7,317 annually, an increase of 18.9 percent. In its Order of February 22, 1985, the Commission determined that no deficiency existed in the revenues of Willow Creek and, therefore, no increase in revenues was allowed.

Prior to issuance of that Order, the Commission had issued two information requests in which it required Willow Creek to submit information on a number of issues, including the three issues eventually raised by Willow Creek in its petition for rehearing which was filed March 15, 1985, which were: (1) routine maintenance fees; (2) interest expense; and (3) depreciation expense. In its Order of April 4, 1985, the Commission granted rehearing on the three issues raised by Willow Creek, primarily because there had been no hearing prior to issuance of the Commission's Order of

February 22, 1985, since the case was filed under the ARF procedure. Also, Willow Creek was required to submit prefiled testimony.

The April 4, 1985, Order scheduled a hearing for May 15, 1985; however, in a letter dated May 10, 1985, from the Secretary of the Commission to Willow Creek, it was confirmed that, by agreement of all the parties, this proceeding would be consolidated with and considered generically in Case No. 9101, The Application of Enviro Utilities, Inc., and it was agreed that testimony relating to the routine maintenance issue contained in the record in that case would be consolidated into this one. The generic hearing under Case No. 9101 was held June 5, 1985.

The consolidation of the routine maintenance issue in Case No. 9101 necessitated the rescheduling of this case from May 15, 1985, to June 26, 1985; however, at Willow Creek's request, in the Commission's Order dated June 18, 1985, the hearing was continued until further notice. Then on September 3, 1985, Willow Creek notified the Commission that it would not seek rehearing on the issues of interest and depreciation, because circumstances prevented it from presenting new evidence.

Routine Maintenance Fee

As understood, the Commission's determination with respect to the routine maintenance issue determined in Case No. 9101 will be followed in this case. Therefore, the findings with regard to the routine maintenance fee as delineated in the Order in this proceeding dated February 22, 1985, are affirmed. Thus, no increase in the routine maintenance fees is allowed.

Interest and Depreciation Expense

As previously stated, the Commission, in its Order dated April 4, 1985, granted rehearing on the issues of interest and depreciation expense. However, since Willow Creek withdrew its request for rehearing on these issues, the Commission affirms its findings regarding these issues in the Order dated February 22, 1985.

SUMMARY

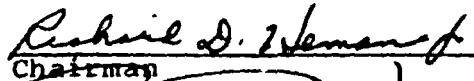
The Commission, after consideration of the evidence of record and being advised, is of the opinion and finds that Willow Creek has failed to present sufficient evidence to support the argument that the monthly routine maintenance fee should be increased, and that the previous findings regarding interest and depreciation expense should be amended.

IT IS THEREFORE ORDERED that:

1. The findings and orders of the Commission's Order of February 22, 1985, be and they hereby are affirmed in all respects.

Done at Frankfort, Kentucky, this 2nd day of September, 1986.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director